Information Services Industry
European Market Trends in
Software and Services

Tidal Wave of Change

London

9 September 1992

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Piccadilly House
33/37 Regent Street
London SW1Y 4NF
United Kingdom

Published by
INPUT
1280 Villa Street
Mountain View, CA 94041-1194

Information Services Programme—Europe
(IEMAP)

Information Services Industry European Market Trends in Software and Services—Tidal Wave of Change

IEMAP • 567 • 1992

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Vice President
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Roger Fulton

Consultant
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Software and Services

Workshop Agenda

- New end-user demands
- Fierce competitive pressure
- Lower market forecasts
- Challenge to professional services

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Software and Services, Europe

Key Industry Trends

- Projects downsized
- Outsourcing satisfies
- Price pressure on services
- Pan-European support
- Desktop entrants

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Software and Services

Key user demands

- Value for money
- Cost reduction
- Effectiveness

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Software and Services

Getting value for money from IT

- User ownership
- Benefits to business
- Productivity improvement
- Essential to infrastructure

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Software and Services

Seeking cost reduction for IT

- Downsizing
- Outsourcing
- 80% solutions

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Software and Services

Improving effectiveness from IT

- Business process re-engineering
- Simplification
- Speed of implementation
- Flexibility

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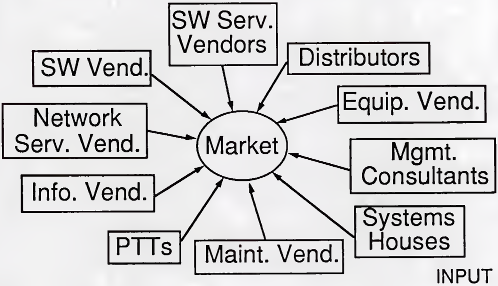
Increasing Competition



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Software and Services—Europe, 1991

Changing Market Shares

Vendor's Business	(Percent) 1981	1991
Professional Services	18	38
Management Consultancy	3	7
Software Products	9	13
Processing/Networks	31	3

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Software and Services—Europe, 1991

Changing Market Shares

Vendor's Business	(Percent) 1981	1991
Equipment Vendor	39	35
Maintenance	0	2
Distribution	0	1
Telecommunications	0	1

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Software and Services—Europe, 1991

Leading Vendors

Vendor	1991 $B	Rank 1991	Rank 1990
IBM	6.2	1	1
CGS	1.7	2	3
SNI	1.6	3	2
Digital	1.6	4	5

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Software and Services—Europe, 1991

Leading Vendors

Vendor	1991 $B	Rank 1991	Rank 1990
Reuters	1.5	5	4
Microsoft	1.0	6	9
Groupe Bull	0.9	7	6
Andersen Consulting	0.9	8	8

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Software and Services—Europe, 1991

Leading Vendors

Vendor	1991 $B	Rank 1991	Rank 1990
Finsiel	0.9*	9	11
ICL	0.9*	10	16
Olivetti	0.8*	11	13
EDS	0.7	12	30

*Restated in 1991.

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Software and Services—Europe, 1991

Leading Vendors

Vendor	1991 $B	Rank 1991	Rank 1990
Sema Group	0.7	13	10
Unisys	0.7	14	7
Computer Assoc.	0.6	15	12
Sligos	0.5	16	15

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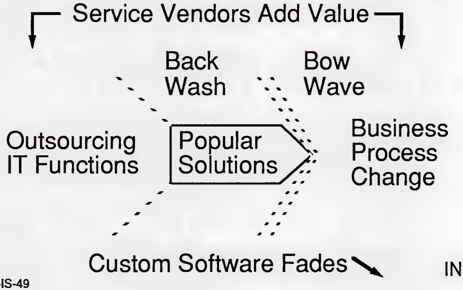
The Tidal Wave of Change



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Vendor-Added Value

- Applications Management
- Systems Management
- Solution Engineering
- Systems Technology

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Product and Service Trends

Transition Management | *Applications Maintenance* | *Applications Management*

Sys. Integ. | Sys. Oper.

Applications Software	Turnkey Systems	Processing Services
Systems Software	Professional Services	Network Services

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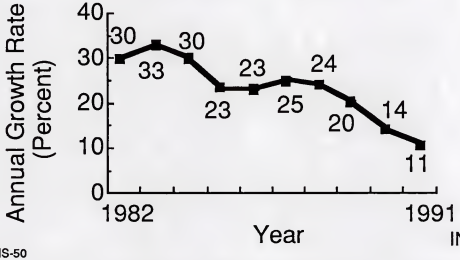
Information Services Industry Structure

- **Systems Software Products**
  - Mainframe
  - Minicomputer
  - Workstation/PC
- **Applications Software Products**
  - Mainframe
  - Minicomputer
  - Workstation/PC
- **Turnkey Systems**
  - Equipment
  - Software Products
  - Professional Services
- **Equipment Services**
  - Equipment Maintenance
  - Environmental Services
- **Professional Services**
  - Consulting
  - Education & Training
  - Software Development Maintenance
  - Application Management
- **Systems Integration**
  - Equipment
  - Software Products
  - Professional Services
  - Other
- **Systems Operations**
  - Platform
  - Applications
  - Desktop Services
  - Network Management
- **Processing Services**
  - Transaction
  - Utility
  - Other
- **Network Services**
  - Electronic Information Services
  - Network Applications

Source: INPUT

Software and Services, Europe

Average Growth in Spending



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Delivery Mode Issues

- Turnkey systems—Impacted by downsizing and open systems margins
- Applications software products—Smaller systems dominate
- Systems software products—Prices under pressure

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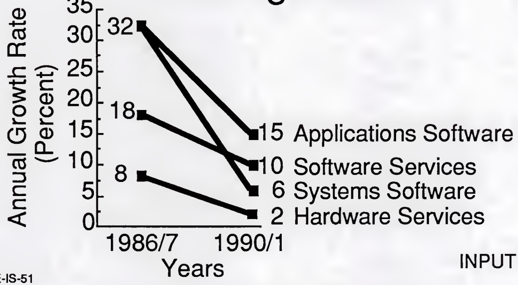
Software and Services, Europe

Declining Growth



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Delivery Mode Issues

- Network services—High-growth opportunities
- Systems operations—Renewed satisfaction, desktop entrants
- Systems integration—Project downsizing for fast payback

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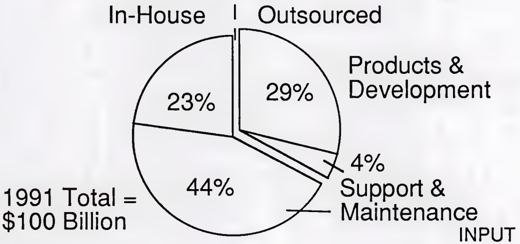
European User Software Budgets



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Delivery Mode Issues

- Professional services—Competition up, growth down
- Processing services—Specialized applications drive development
- Equipment services—Multivendor and environmental services grow

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Software and Services Forecast, 1992-1997 Europe

11% CAGR
. . . and falling

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